

## **Truth In Taxation**

Monday, December 6, 2021 6:30 PM

LS-H MS/HS Media Center, 901 Ferry St., Le Sueur, MN 56058

### **1. Truth in Taxation Presentation**

**Presenter:** Jim  
Wagner,  
Superintendent

1.1. Budget Review

1.2. Review of 2021 payable 2022 levy

1.3. Public Comments

# 2021 PAY 2022 TRUTH IN TAXATION HEARING

6:30 P.M.

DECEMBER 6, 2021

Media Center

Le Sueur-Henderson Middle School/High School

Le Sueur, MN 56058

For the School Year:

July 1, 2022 – June 30, 2023

# FUND ACCOUNT OVERVIEW

## FUND 1 GENERAL FUND

General Instruction and Related Expenses

Extra-Curricular Activities

Federal and State Instructional Programs

Repair and Maintenance of Buildings and Grounds

## TRANSPORTATION OPERATIONS

Transportation of Students to and from School

## CAPITAL EXPENDITURES

Building Improvements

Equipment Purchases

Health and Safety Expenditures

# FUND ACCOUNT OVERVIEW

## FUND 2 FOOD SERVICE

School Breakfast and Lunch Program

## FUND 4 COMMUNITY SERVICE FUND

Early Childhood Family Education Programs

Preschool and Enrichment Programs

Adult Continuing Education Classes

Youth and Adult Recreation Programs

Before and After School Programs

## FUND 7 DEBT SERVICE FUND

Repayment of Bond Principle and Interest

# 2020-21 BUDGET OVERVIEW

## REVENUES

	<b>AUDITED</b>	<b>BUDGETED</b>	<b>% CHANGE</b>
	<b>2020-21</b>	<b>2021-22</b>	
<b>REVENUES:</b>			
General Fund	11,852,612	11,737,214	-0.97%
Food Service	496,105	437,989	-11.71%
Community Service	802,371	813,773	1.42%
Debt Service	1,375,126	1,292,524	-6.01%
<b>TOTAL REVENUE</b>	<b>14,526,214</b>	<b>14,281,500</b>	

# 2020-21 BUDGET OVERVIEW

## EXPENDITURES

	<b>AUDITED 2020-2021</b>	<b>BUDGETED 2021-2022</b>	<b>% CHANGE</b>
<b>EXPENSES:</b>			
General Fund	11,773,018	11,666,671	-0.90%
Food Service	438,624	432,557	-1.38%
Community Service	711,060	753,763	6.01%
Debt Service	7,573,315	1,310,408	-82.70%
<b>TOTAL EXPENSE</b>	<b>20,496,017</b>	<b>14,163,399</b>	

# MINNESOTA SCHOOL DISTRICT PROPERTY TAXES

## ▶ **KEY STEPS IN THE PROCESS**

- ▶ Step 1. The County Assessor determines the estimated market value for each parcel of property in the county.
- ▶ Step 2. The Legislature sets the formulas for tax capacity.
- ▶ Step 3. The County Auditor calculates the tax capacity for each parcel of property in the county as well as the total tax capacity for each school district.
- ▶ Step 4. The Legislature sets the formulas which determine school district levy limits.

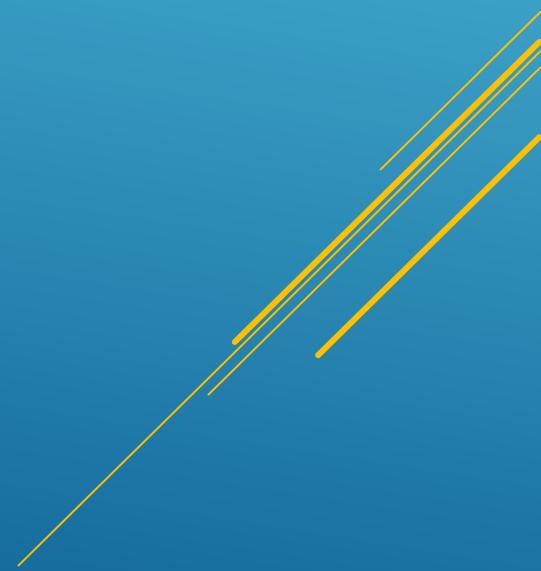
# MINNESOTA SCHOOL DISTRICT PROPERTY TAXES

- ▶ Step 5. The Minnesota Department of Education calculates detailed levy limits for each school district, based on the formulas approved by the Legislature.
- ▶ Step 6. The School Board adopts a proposed levy in September, based on limits set in step 5. After a public hearing, the board adopts a final levy in December.
- ▶ Step 7. The County Auditor divides the final levy (step 6) by the district's total tax capacity (step 3) to determine the tax rate needed to raise the proper levy amount. The auditor then multiplies this tax rate times each property's tax capacity, to determine the school tax for that property.

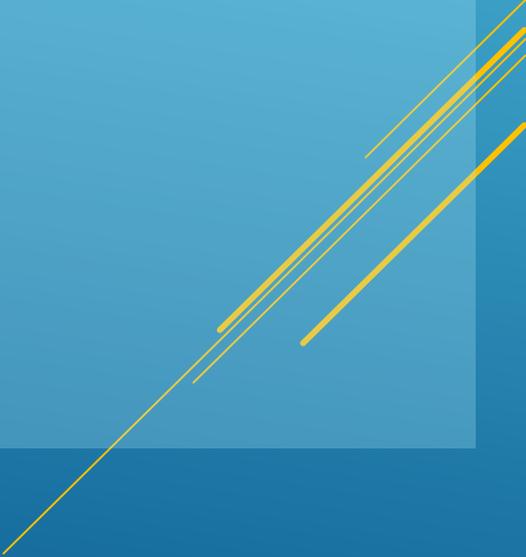
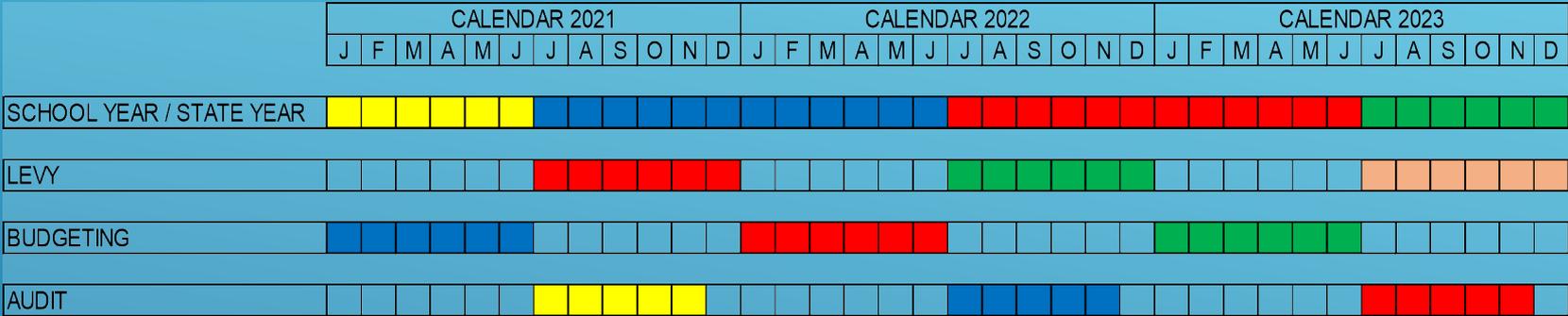
# TAX LEVY CALENDAR

- July, 2021*                      *Set dates and location of levy hearings.*
  - September, 2021*              *Certify proposed levy. (1)*
  - November, 2021*              *County mails levy notices to property owners.*
  - December, 2021*              *Public hearing on levy.*  
*Certify final tax levy. (2)*
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# TAX LEVY CALENDAR

1. *Except for new voter approved tax levies, the final levy cannot exceed the proposed levy certified in September.*
  2. *The certification of the levy is the culmination of a five month process which began the previous August.*
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# SCHOOL DISTRICT LEVY CYCLE



# MINNESOTA SCHOOL DISTRICT PROPERTY TAXES

- ▶ *“School Districts are different in several respects. They have more State funding with much different formulas for aid than counties and cities, and are under strict levy limits.”* Minnesota Taxpayers Association
- ▶ *“As a practical matter, school districts really don’t have very much authority, any meaningful authority anyway, over their local taxing decisions. With the exception of decisions to build school buildings and the excess levy referendums....school district taxing decisions are pretty much a matter of state law...”* Randy Peterson, Former Senator and Chair of the Senate Education Finance Committee

# Le Sueur-Henderson School District No. 2397

## Property Tax Levy and Rate Summary, Taxes Payable in 2021 and 2022

	Certified Levy Payable in 2021		Proposed Levy Payable in 2022	Change
<b>Tax Levy Information</b>				
1. Total Certified Levy Spread on RMV	1,061,316		1,049,533	-11,783
2. General Fund Levy Spread on NTC	579,001		671,850	92,849
3. Community Service Fund Levy	96,653		102,155	5,502
4. General Debt Service Levy	1,284,024		1,315,512	31,488
5. OPEB Debt Service Levy	0		0	0
6. Total Certified Levy	3,020,994		3,139,049 3.91%	118,056
<b>Fiscal Disparities Adjustment to Levy</b>				
7. RMV-Based Levies	0		0	0
8. General Debt Service	0		0	0
9. Other NTC-Based Levies	0		0	0
10. Total Fiscal Disparities Adjustment	0		0	0
<b>Summary of Adjusted Levies</b>				
11. RMV-Based Levies	1,061,316		1,049,533	-11,783
12. General Debt Service	1,284,024		1,315,512	31,488
13. Other NTC-Based Levies	675,654		774,005	98,351
14. Total Adjusted Levies	3,020,994		3,139,049	118,056
<b>Property Value Information</b>				
15. RMV Used to Calculate Rate	661,631,450	4.8%	693,259,838	31,628,388
16. NTC Used to Calculate Rate	11,085,782	3.9%	11,521,737	435,955
<b>Actual and Estimated Tax Rates</b>				
17. RMV Rate (#11/#15)	0.16041%		0.15139%	-0.00902%
18. NTC Debt Rate (#12/#16)	11.583%		11.418%	-0.165%
19. NTC Other Rate (#13/#16)	6.095%		6.718%	0.623%

### Key Assumptions:

Preliminary Pay 2022 RMV and NTC values are from Le Sueur County.

# Le Sueur-Henderson School District No. 2397

## Property Taxes - Actual for Payable 2021 and Estimates for Payable in 2022

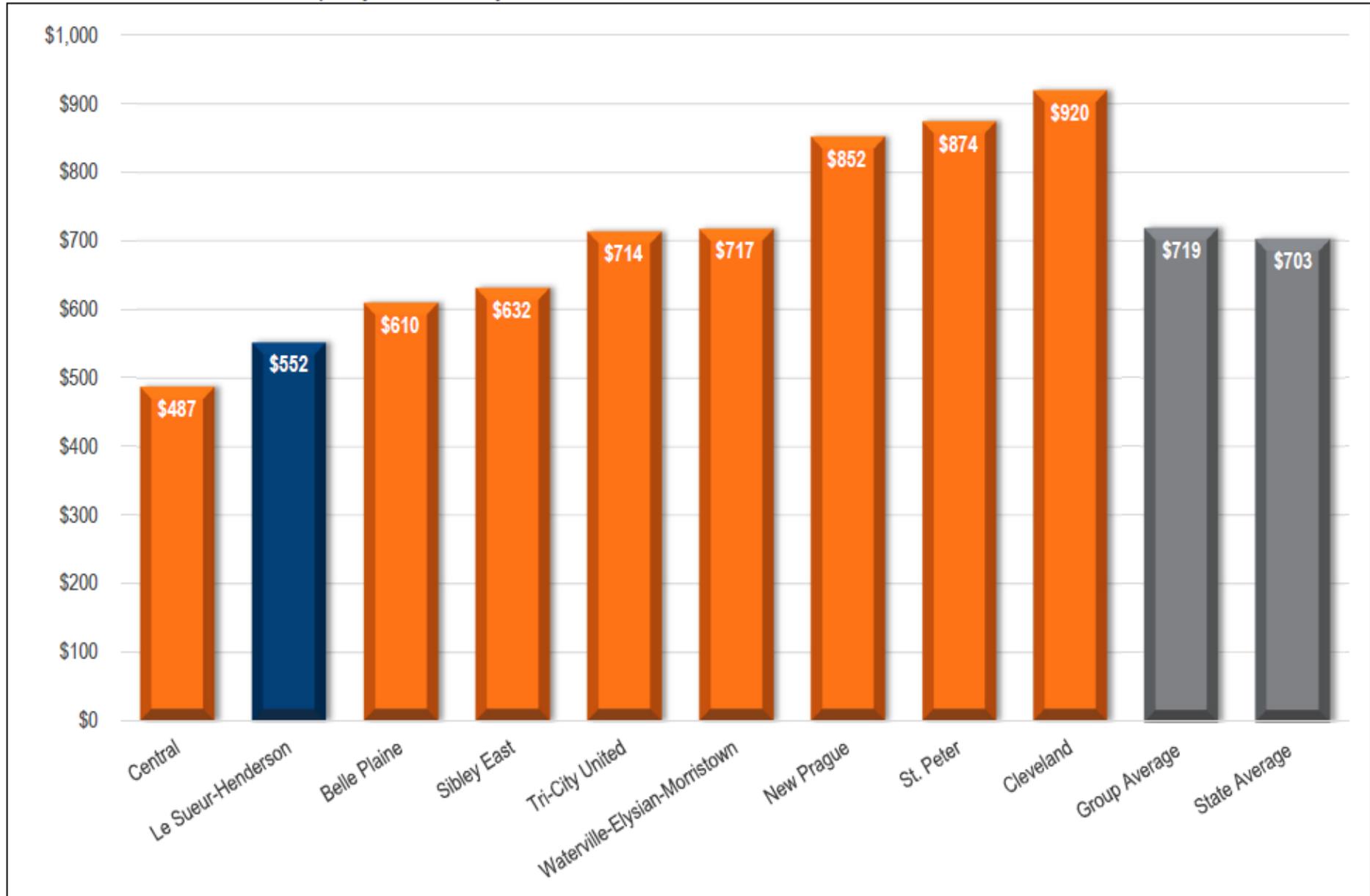
		Actual Taxes Payable in 2021	Preliminary Estimate of Taxes Payable in 2022	Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes			
Residential Homestead	\$50,000	\$133	\$130	-\$3	-2.3%
	75,000	200	195	-5	-2.5%
	100,000	287	282	-5	-1.7%
	125,000	376	369	-7	-1.9%
	150,000	464	456	-8	-1.7%
	175,000	552	543	-9	-1.6%
	200,000	640	631	-9	-1.4%
	250,000	817	805	-12	-1.5%
	300,000	993	980	-13	-1.3%
	400,000	1,347	1,329	-18	-1.3%
	500,000	1,686	1,664	-22	-1.3%
Commercial/ Industrial *	\$50,000	\$213	\$212	-\$1	-0.5%
	100,000	426	423	-3	-0.7%
	250,000	1,152	1,149	-3	-0.3%
	500,000	2,437	2,434	-3	-0.1%
	1,000,000	5,007	5,005	-2	0.0%
Agricultural Homestead	\$4,000	\$2.26	\$2.26	\$0.00	0.0%
	6,000	3.39	3.39	0.00	0.0%
(dollars per acre) **	8,000	4.52	4.51	-0.01	-0.2%
Agricultural Non-Homestead	\$4,000	\$4.52	\$4.51	-\$0.01	-0.2%
	6,000	6.78	6.77	-0.01	-0.1%
(dollars per acre) **	8,000	9.05	9.03	-0.02	-0.2%

### Key Assumptions:

1. Preliminary Pay 2022 RMV and NTC values are from Le Sueur County.
  2. Assumes no change in the value of individual parcels of property from 2021 to 2022 taxes. If the value of a parcel increased, the change in taxes will be larger than shown above.
  3. Taxes payable in 2022 are based on latest estimates of proposed levy, as of the date above.
- \*\* For agricultural property, estimates above are based on the average value per acre of agricultural land and buildings. The estimated tax impact for taxes payable in 2022 includes a 60% reduction on the portion attributable to school debt taxes due to the School Building Bond Agricultural Credit. The credit percentage will increase to 70% for taxes payable in 2023. The house, garage, and one acre of land (HGA) would pay taxes at the same rate as residential homestead property. For property owners with greater than \$1.9 million of agricultural homestead land and buildings, a portion of the property will be taxed according to the higher non-homestead rate.

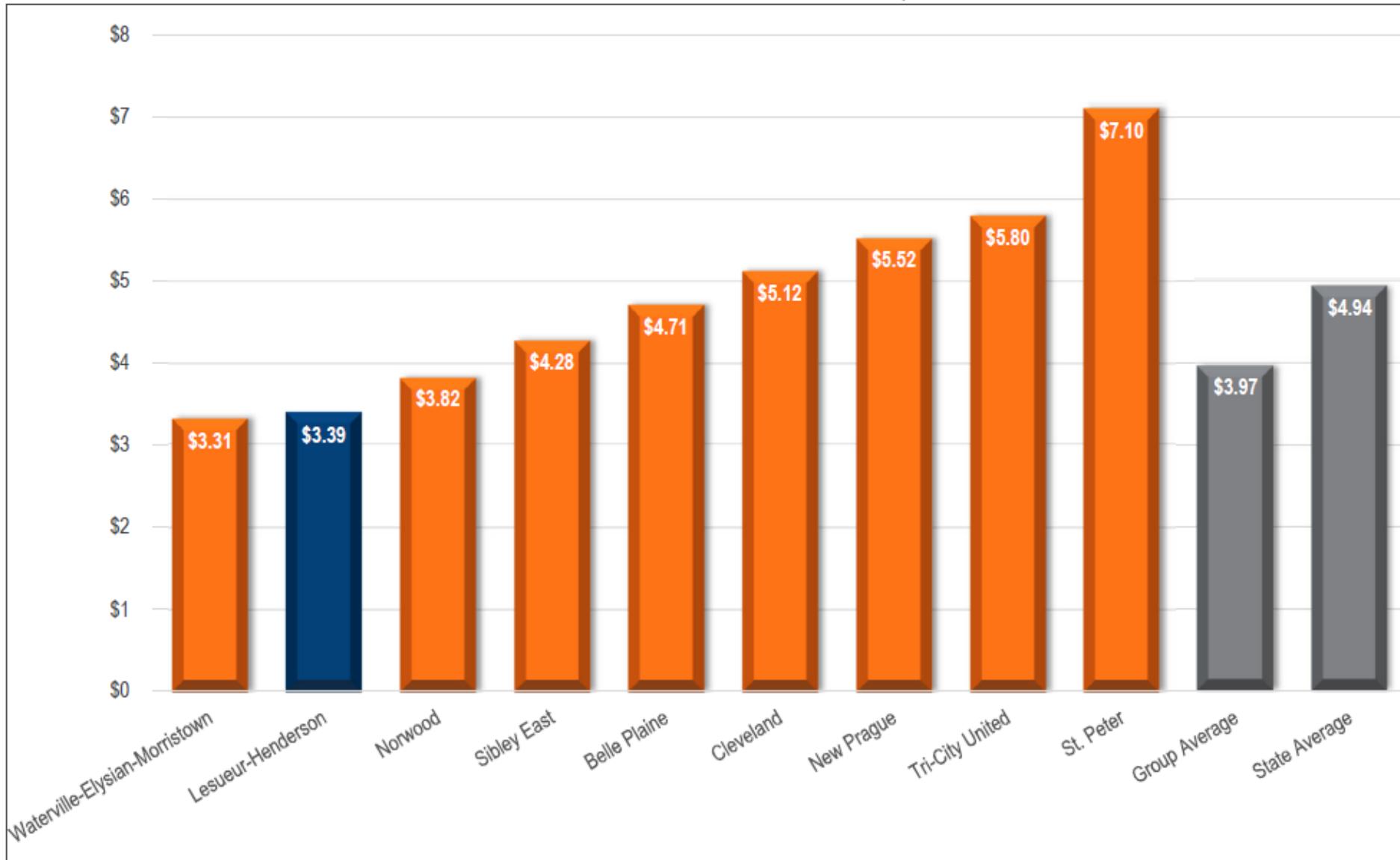
# Le Sueur-Henderson School District

Total School Property Taxes, Payable 2021, on a Home with an Estimated Market Value of \$175,000



# Le Sueur-Henderson School District

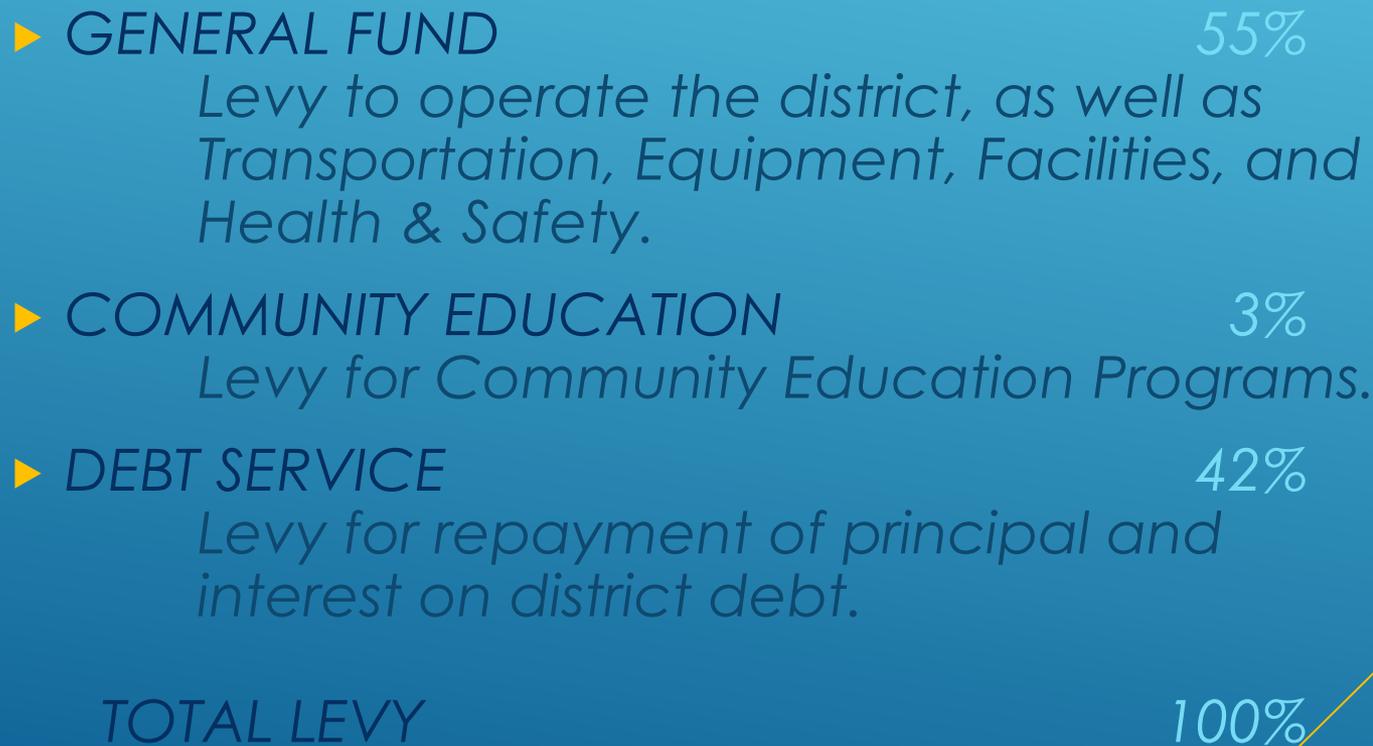
Total School Property Taxes Payable 2021 on One Acre of Ag Homestead Property with  
Total Estimated Market Value of \$6,000



Source: Pay 2021 School Tax Report

Note: Includes debt levy adjustment of 55% credit.

# HOW ARE YOUR 2022 LOCAL SCHOOL PROPERTY TAXES SPENT?



# QUESTIONS?

▶ Jim Wagner, Superintendent of Schools

507-665-4600

